

PLAN TO STABILIZE DD COMMUNITY SERVICES presented to MDC Transition Planning Committee

SYSTEMS ADVOCACY

SB 411, Section 2 (3)(b) requires the Transition Planning Committee (TPC) to "propose a rate structure for providers of community-based services."

We recommended early in this process that a subcommittee of the TPC be appointed to work with community providers and DPHHS to develop a proposal to meet this particular requirement of SB 411. However, a subcommittee was not appointed. There was a work session where providers discussed issues and concerns with the committee and there have been opportunities at each meeting for providers to give public comment. However, the committee has not yet developed a proposal for a rate structure for providers of community-based services, as required in the legislation.

MACDS-SA has been holding meetings regularly since late October to evaluate the current rate structure and to develop proposals for a rate structure for providers of community-based services. Our meetings have included providers from throughout the state as well as other stakeholders who have expressed an interest in being involved. DDP staff have also attended some of the meetings to provide information.

Our work group agreed that changes to the way community providers are paid is necessary to simply stabilize their financial and work force challenges and create an atmosphere in which high quality community services are available to all people with disabilities - whether they are people currently being served, or are in the community needing services or are transitioning from MDC or are seeking services that may allow them to avoid admission to MDC. Since nearly all funding for these services is provided through Medicaid, we identified Medicaid rates as the key factor leading to financial instability and resolution of the workforce crisis.

Financial stability. The general financial stability of these programs has suffered in recent years. The "new" rate system was by everyone's admission underfunded to start with in order to be "revenue neutral", then there were rate cuts and freezes during the economic turndown as well as years of general rate increases that did not meet inflation experienced in health and residential related services. The 2013 legislature did provide a significant boost to help catch up and that was helpful and appreciated, but overall rates have not been adequate and have lead to programs absorbing losses through spending down reserves. Continuing to absorb losses will not be possible as reserves are depleted.

Workforce. There was agreement in our work group that the ability to hire and retain staff, particularly direct care workers (or DSPs - direct support professionals as they are typically called in this sector) is the biggest issue facing our community providers and many would use the word *crisis* to describe the workforce situation. Workforce issues force providers to turn away clients and not operate to capacity. Some have closed group homes or other services because they cannot staff them. Under the current rate structure there is a vicious circle in which lack of staff equates to less reimbursement and less reimbursement makes it harder to operate and pay staff.

PROPOSALS

The following proposals are designed to address the rate structure and workforce issues. We recommend:

- 1. That the Department work with providers and stakeholders to take the steps necessary to change the Medicaid 0208 waiver to move to a daily rate in residential and congregate services. The current hourly structure fails to provide needed flexibility in staffing and service provision and makes it difficult if not impossible to fully utilize the cost plans of those receiving services. This work should begin as soon as possible but not later than July 1, 2016.
- 2. That the Department's budget proposal to the 2017 legislature provide for a rate structure that includes sufficient Medicaid funding increases to stabilize DD providers/programs and address the workforce crisis they are experiencing, by:
 - (a) Reasonable inflation component. Including an inflationary increase each year of the biennium that is based on a reliable national index applicable to DD services or similar services to insure that general inflation experienced in these programs is taken into account in establishing rates. (Cost estimate: Each 1% increase in rate will cost about \$1.4 M general fund over the biennium.)
 - (b) Direct care worker wage component. Including additional funding to specifically address the workforce crisis, particularly related to direct care workers/DSPs. The direct care worker funding should be sufficient to increase direct care wages by \$5 per hour phased in over the biennium (including payroll related benefits) with an increase of \$3 per hour the first year of the biennium and an additional \$2 per hour the second year. Distribution of these funds should be separate from the current rate formula and providers should have flexibility in how best to implement pay increases in their programs as long as all of the funds go to workers who provide direct services to clients. (Cost estimate: Each \$1 increase will cost about \$1.65M general fund annually.)
 - (c) Collaboration. Working with providers and stakeholders in the development of budget proposals that meet the goal of stabilizing community services and alleviating the workforce crisis.

We are asking the MDC Transition Planning Committee to adopt our recommendations as its response to the SB 411 requirement that they propose a rate structure for providers of community based services.

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